

AMENDED IN SENATE JULY 14, 2009

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 758

**Introduced by Assembly Members Skinner and Bass
(Coauthor: Assembly Member Torrico)**

February 26, 2009

An act to add Section 25943 to the Public Resources Code, and to add Sections 381.2 and 385.2 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 758, as amended, Skinner. Energy: energy audit.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in its biennial energy conservation report, to report on the progress made to implement a statewide home energy rating program.

This bill would require the Energy Commission, by March 1, 2010, to establish a regulatory proceeding to develop a comprehensive program to achieve greater energy savings in the state's existing residential and ~~commercial~~ *nonresidential* building stock. In developing the requirements, the Energy Commission would be required to coordinate with specified entities and to consider certain factors. Before adopting the requirements, the Energy Commission would be required to consult with specified entities and to hold at least 3 public hearings. The Energy Commission would be required to periodically update the comprehensive program to improve or refine the program requirements. The Energy

Commission would be required to report on the status of the program in the integrated energy policy report.

(2) Existing law requires the Public Utilities Commission (PUC) to order certain electrical corporations to collect and spend certain funds for public benefit programs, including cost-effective energy efficiency and conservation programs.

The bill would require the PUC, by March 1, 2010, to open a *new proceeding or amend an existing proceeding* to investigate the ability of electrical corporations *and gas corporations* to provide energy efficiency financing options to their customers to implement the comprehensive program that would be developed by the Energy Commission pursuant to this act. ~~The PUC, by January 1, 2011, after consultation with the Energy Commission, would be required to authorize an electrical corporation to provide a targeted number of low- or no-cost energy efficiency audits each calendar year. The electrical corporation would be required to recommend to a building owner cost-effective energy efficiency improvements after the completion of the energy audit. The PUC would be required to report annually to the Legislature and the Energy Commission on specified information.~~

(3) *Existing law requires a local publicly owned electric utility to establish annual targets for energy efficiency savings and demand reduction for the next 10-year period and to provide to its customers and to the Energy Commission an annual report on its energy efficiency and demand reduction programs.*

This bill would require a local publicly owned *electric* utility, by a specified date, to be responsible for implementing an energy efficiency program that recognizes the Legislature's intent to encourage energy savings and greenhouse gas emission reductions in existing residential and ~~commercial nonresidential~~ buildings. A local publicly owned *electric* utility would be required ~~annually to include in the above-referenced report to its customers and the Energy Commission on the implementation of its status in implementing the program.~~ Because a local publicly owned utility would be responsible for the implementation of an energy efficiency program and the provision of *additional information* in an annual report to its customers and the Energy Commission on the implementation of the program, this bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

(3)

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature recognizes both of the
2 following:

3 (1) The significant energy savings and greenhouse gas emission
4 reductions inherent in the state's existing residential and
5 ~~commercial~~ *nonresidential* building stock.

6 (2) The need to establish a comprehensive energy efficiency
7 program to capture these reductions.

8 (b) The Legislature further recognizes that a comprehensive
9 energy efficiency program should include components necessary
10 to ensure meaningful and reliable energy audits, cost-effective
11 energy efficiency improvements, public and private sector energy
12 efficiency financing options, public outreach and education, and
13 green workforce training.

14 SEC. 2. Section 25943 is added to the Public Resources Code,
15 to read:

16 25943. (a) (1) By March 1, 2010, the commission shall
17 establish a regulatory proceeding to develop and implement a
18 comprehensive program to achieve greater energy savings in
19 California's existing residential and ~~commercial~~ *nonresidential*
20 building stock. This program shall comprise a complementary
21 portfolio of techniques, applications, and practices that will achieve
22 greater energy efficiency in existing residential and ~~commercial~~
23 *nonresidential* structures that fall significantly below the current
24 standards in Title 24 of the California Code of Regulations, as
25 determined by the commission.

26 (2) The comprehensive program may include, but need not be
27 limited to, a broad range of energy audits, building benchmarking,
28 energy rating, cost-effective energy efficiency improvements,
29 public and private sector energy efficiency financing options,

1 public outreach and education efforts, ~~expanded utility energy~~
2 ~~efficiency programs~~, and green workforce training.

3 (b) To develop and implement the program specified in
4 subdivision (a), the commission shall do both of the following:

5 (1) Coordinate with the Public Utilities Commission and consult
6 with representatives from the Department of Real Estate, the
7 Department of Housing and Community Development,
8 investor-owned and publicly owned utilities, local governments,
9 real estate licensees, commercial and home builders, commercial
10 property owners, small businesses, mortgage lenders, financial
11 institutions, home appraisers, inspectors, energy rating
12 organizations, consumer groups, environmental and environmental
13 justice groups, and other entities the commission deems
14 appropriate.

15 (2) Hold at least three public hearings in geographically diverse
16 locations throughout the state.

17 (c) In developing the requirements for the program specified in
18 subdivision (a), the commission shall consider all of the following:

19 (1) The amount of annual and peak energy savings, greenhouse
20 gas emission reductions, and projected customer utility bill savings
21 that will accrue from the program.

22 (2) The most cost-effective means and reasonable timeframes
23 to increase the number of annual energy audits conducted on
24 existing residential and ~~commercial~~ *nonresidential* buildings,
25 pursuant to subdivision (a), to meet the statewide reduction targets
26 and goals in subdivision (b) of Section 381.2 of the Public Utilities
27 Code. *subdivision (a)*.

28 (3) The various climatic zones within the state.

29 (4) An appropriate method to inform and educate the public
30 about the need for, benefits of, and environmental impacts of, the
31 comprehensive energy efficiency program.

32 (5) The most effective way to report the audit results and the
33 corresponding energy efficiency improvements to the owner of
34 the residential or ~~commercial~~ *nonresidential* building, including,
35 among other things, the following:

36 (A) Prioritizing the identified energy efficiency improvements.

37 (B) The payback period *or cost-effectiveness* of each
38 improvement identified.

39 (C) The various incentives, loans, grants, and rebates offered
40 to finance the improvements.

1 (D) Available financing options including all of the following:

2 (i) Mortgages or sales agreement components.

3 (ii) On-bill financing.

4 (iii) Contractual property tax assessments.

5 (iv) Home warranties.

6 (6) Existing statutory and regulatory requirements to achieve
7 energy efficiency savings and greenhouse gas emission reductions.

8 (7) Any other considerations deemed appropriate by the
9 commission.

10 (d) The program developed pursuant to this section shall do all
11 of the following:

12 (1) Minimize the overall costs of establishing *and implementing*
13 the comprehensive energy efficiency program requirements.

14 (2) Ensure, for residential buildings, that the energy efficiency
15 audits, *ratings*, or improvements do not unreasonably or
16 unnecessarily affect the home purchasing process or the ability of
17 individuals to rent housing. A transfer of property subject to the
18 program implemented pursuant to this section shall not be
19 invalidated solely because of the failure of a person to comply
20 with a provision of the program.

21 (3) Ensure, for nonresidential buildings, that the energy
22 improvements do not have an undue economic impact on California
23 businesses.

24 (4) Determine, for residential buildings, the appropriateness of
25 the Home Energy Rating System (HERS) program to accomplish
26 the goals of this section and whether there are a sufficient number
27 of HERS-certified raters available to meet the program
28 requirements.

29 (5) Determine, for nonresidential structures, the availability of
30 an appropriate cost-effective energy efficiency auditing system
31 and whether there are a sufficient number of certified raters or
32 auditors available to meet the program requirements.

33 (6) Coordinate with the California Workforce Investment Board,
34 the Employment Training Panel, the California Community
35 Colleges, and other entities to ensure a qualified, well-trained
36 workforce is available to implement the program requirements.

37 (7) *Coordinate with, and avoid duplication of, existing*
38 *proceedings of the Public Utilities Commission and programs*
39 *administered by utilities.*

1 (e) A home energy rating or audit service does not meet the
2 requirements of this section unless the service has been certified
3 by the commission to be in compliance with the program criteria
4 developed pursuant to this section and is in conformity with other
5 applicable elements of the program.

6 (f) The commission shall periodically update the criteria and
7 adopt any revision that, in its judgment, is necessary to improve
8 or refine program requirements after receiving public input.

9 (g) Before implementing an element of the program developed
10 pursuant to subdivision (a) that requires the expansion of statutory
11 authority of the commission or the Public Utilities Commission,
12 the commission and the Public Utilities Commission shall obtain
13 legislative approval for the expansion of their authorities.

14 (h) The commission shall report on the status of the program in
15 the integrated energy policy report pursuant to Section 25302.

16 SEC. 3. Section 381.2 is added to the Public Utilities Code, to
17 read:

18 381.2. (a) By March 1, 2010, the commission ~~shall open a~~
19 ~~proceeding to, by opening a new proceeding or amending an~~
20 ~~existing proceeding, shall~~ investigate the ability of electrical
21 corporations *and gas corporations* to provide various energy
22 efficiency financing options to their customers for the purposes of
23 implementing the program developed pursuant to Section 25943
24 of the Public Resources Code.

25 ~~(b) By January 1, 2011, after consultation with the Energy~~
26 ~~Commission, the commission shall authorize each electrical~~
27 ~~corporation to provide a targeted number of low- or no-cost energy~~
28 ~~efficiency audits to be completed in an expedited and cost-effective~~
29 ~~manner each calendar year. Upon the completion of the energy~~
30 ~~audit, the electrical corporation shall recommend to the building~~
31 ~~owner cost-effective energy efficiency improvements based on~~
32 ~~the criteria established by the Energy Commission pursuant to~~
33 ~~Section 25943 of the Public Resources Code.~~

34 ~~(c) The commission shall identify and attribute the energy~~
35 ~~efficiency savings within each electrical corporation service~~
36 ~~territory to the electrical corporation serving that territory.~~

37 ~~(d)~~

38 (b) The commission shall provide an annual report to the
39 Legislature and the Energy Commission that details the number
40 of buildings audited, the amount of actual energy savings resulting

1 from the energy efficiency improvements, the types of financing
2 options used to implement the improvements, and the backlog of
3 unfulfilled energy efficiency audit requests.

4 SEC. 4. Section 385.2 is added to the Public Utilities Code, to
5 read:

6 385.2. (a) ~~Upon implementation of subdivision (b) of Section~~
7 ~~381.2, and the completion and promulgation of regulations pursuant~~
8 ~~to subdivision (a) of Section 25943 of the Public Resources Code,~~
9 ~~each governing body of a local publicly owned electric utility, as~~
10 ~~defined in Section 9604 224.3, shall be responsible for~~
11 ~~implementing an energy efficiency program that recognizes the~~
12 ~~intent of the Legislature to encourage energy savings and~~
13 ~~greenhouse gas emission reductions in existing residential and~~
14 ~~commercial nonresidential buildings, while taking into~~
15 ~~consideration the effect of the program on rates, reliability, and~~
16 ~~financial resources.~~

17 ~~(b) A local publicly owned electric utility shall report annually~~
18 ~~to its customers and the Energy Commission, all of the following:~~

19 ~~(b) In the report prepared pursuant to Section 9615, each local~~
20 ~~publicly owned electric utility shall include both of the following:~~

21 ~~(1) The utility's status in implementing an energy efficiency~~
22 ~~program pursuant to subdivision (a) and the utility's progress~~
23 ~~toward attaining the goal of the program.~~

24 ~~(2) The amount of money that was designated for energy~~
25 ~~efficiency audits on an annual basis and the amount remaining in~~
26 ~~the fund.~~

27 ~~(3) The number of buildings that were audited.~~

28 ~~(4) The backlog, if any, of requests for an energy efficiency~~
29 ~~audit.~~

30 ~~(5) The types of energy efficiency financing options offered by~~
31 ~~the utility and the number of customers who have taken advantage~~
32 ~~of these financing options.~~

33 ~~(6)~~

34 ~~(2) The net energy savings from energy efficiency improvements~~
35 ~~installed after an audit pursuant to this section.~~

36 SEC. 5. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 a local agency or school district has the authority to levy service
39 charges, fees, or assessments sufficient to pay for the program or

- 1 level of service mandated by this act, within the meaning of Section
- 2 17556 of the Government Code.

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